

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Nicaragua

Sugar Annual Report 2012

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Report Highlights:

In the 2011/2012 season, the Nicaraguan sugar cane production reached over 603,727.27 MT, an 18 percent increase compared to the previous year. For FY 2012, Nicaragua plans to ship its full U.S. WTO and DR-CAFTA quota allocation. If there is any sugar reallocation, Nicaragua could supply up to 30,000 MT.

Executive Summary:

In the 2011/2012 season, the Nicaraguan cane and sugar cane production is expected to reach to 6,068,831.80MT and 603,727.27 MT respectively, an 18 percent increase compared to the previous year. This is attributed to a 9 percent increase in planted areas and an 8 percent increase in yields, due to the favorable climatic conditions of the 2011 season. In 2011, the largest sugar mill of Nicaragua, Ingenio San Antonio (ISA), went back to ethanol production. ISA produced 10,000,000 liters which will be exported to the U.S in 2012. If international oil prices remain high, there is a great chance for Nicaraguan ethanol exports to increase.

For FY 2012, Nicaragua plans to ship its full U.S. WTO and DR-CAFTA sugar quota allocation. If there is any sugar reallocation, Nicaragua could supply up to 30,000 MT. The Sugar Commission of Nicaragua (NSC) estimates a 20 percent increase in sugar cane production by 2015, reaching over 735,924 MT. This estimate comes from the expansion plans in planted areas of Monte Rosa, Benjamin Zeledon and Montelimar sugar mills.

Commodities:

Sugar, Centrifugal

Production:

Sugarcane is produced in the pacific coast of Nicaragua. The Nicaraguan sugarcane harvest runs from November through May. The main sugar mills are; San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar.

Preliminary data from the Nicaraguan Sugar Commission (NSC), reports a total sugarcane production of 6,068,831.80 MT in the 2011/2012 season, an 18 percent increase compared to the previous year. This is attributed to a 9 percent increase in planted areas and an 8 percent increase in yields due to the favorable climatic conditions of 2011. In the 2011/2012 season, the sugar industry expects a total production of 603,727.27 MT from which 272,727 MT will stay in the domestic market and 331,000MT will go to the export market.

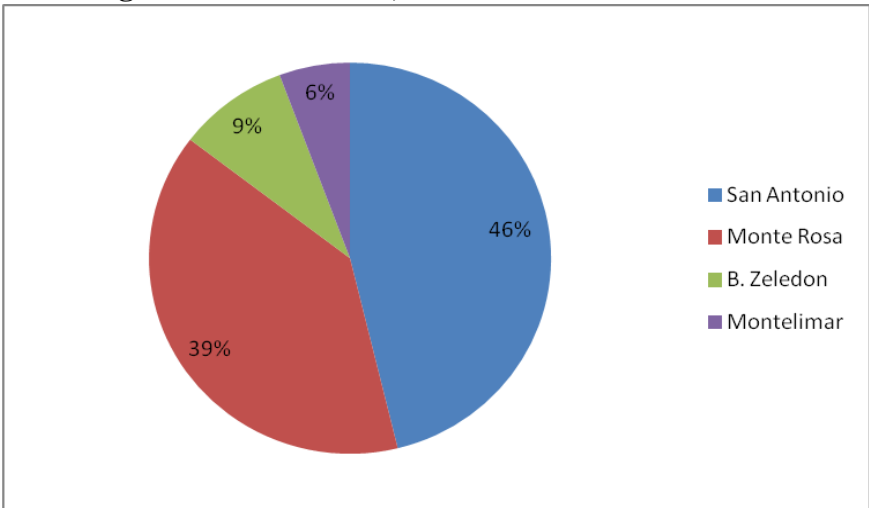
In 2011, the largest Sugar Mill of Nicaragua, Ingenio San Antonio (ISA), went back to ethanol production. ISA produced 10,000,000 liters which will be exported to the U.S. in 2012. If the international oil prices continue high, there is a great chance ISA will increase its production in 2012/2013. ISA is the only sugar mill in Nicaragua which has an ethanol facility. At the moment, ISA is only processing ethanol out of molasses.

In addition to the sugar and ethanol production, Nicaragua produced 188,000 MT of molasses in 2011/2012, from which 52 percent went to the export market (mainly to Costa Rica for ethanol

production) and the rest stayed in the country. In the domestic market, molasses is mostly used for animal feeds.

2011/2012 Production by main sugar mills

Total Sugar Production: 603,727.27 MT



For the 2012/2013 season, NSC expects a total sugar cane production of 618,182 MT, a 2 percent increase compared to the 2011/2012 season. However, by 2015 NSC expects a 20 percent increase production, reaching over 735,924 MT.

Crop Area:

During the 2011/2012 season, 59,256 hectares of sugarcane were planted, a 9% increase compared to the 2010/2011 season. The increase in planted areas was mainly on the western side of the country, in the cities of Leon and Chinandega, which are excellent for sugar cane production.

During the last years, sugar cane producers have experience land competition from peanut producers on the western side of the country, especially in the cities of Leon and Chinandega. In 2011, peanut plantations occupied 42,253 ha. From this area, 82 percent of production is concentrated on the west. An increase in peanut plantations could affect the expansion plans of the sugar industry.

For 2012, peanut production in Nicaragua is expected to decrease due to a high peanut production forecasted in the United States which could result on an excess supply on the main Nicaraguan export markets. This should facilitate access to land for sugar cane producers.

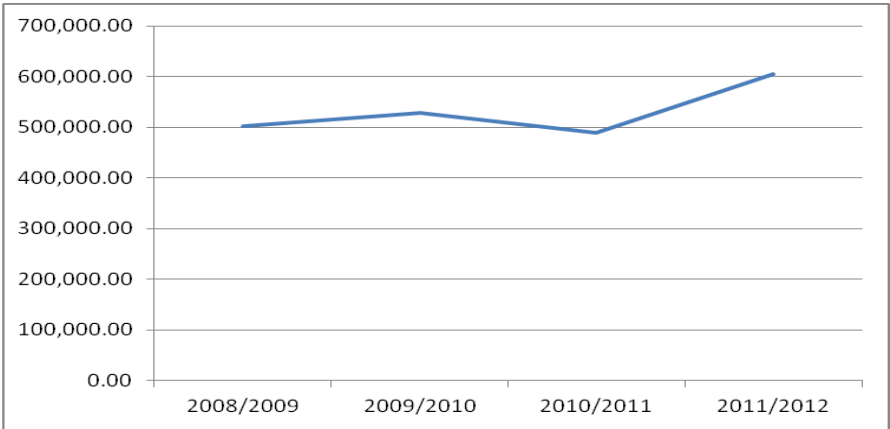
For the 2012/2013 season, NSC expects a small increase of 88.83 HA in sugar cane plantations. However, in midterm (by 2015) sugar cane plantations are expected to increase in 20 percent.

This is due to Montelimar and Benjamin Zeledon’s plan to double sugar cane productive areas by 2015. The increase in sugar plantations will be mainly on the south-west side of the country where sugar cane does not face competition from peanut production.

Yields:

For the 2011/2012 season, the average yield per hectare reached over 102.41 MT, an 8 percent increase compared to the previous cycle. This is attributed to the favorable climatic conditions in 2011. In the 2010/2011 season, sugar cane plantations were affected by high levels of rain resulting in lower yields. NSC expects to keep yields above 95 metric tons per hectare, assuming good weather conditions in the 2012/2013 season.

Sugar Cane Production in MT for the last 5 years



Consumption:

In 2011, the Sugar Trading Company of Nicaragua (STCN) estimated a sugar per capita consumption of 94.07 lbs per year, similar to previous years. STCN expects a stable consumption in the short term. According to STCN, the increase in sugar consumption in the last years has been attributed to an increase in the population and not to a change in food habits of the Nicaraguan people.

Trade:

Major export destinations in 2011 include the United States, Venezuela, South Korea, Canada and Mexico. In 2011, Nicaraguan sugar exports reached to 272,683 metric tons with a total value of US\$ 156.3 million. In 2011, the Nicaraguan sugar exports to Venezuela increased in 59 percent compared to 2010. Please refer to table below.

Export Trade Matrix 2011:

Exports for:	MT
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U.S.	65,863
Venezuela	58,200
Korea	42,000
Canada	29,125
Mexico	26,526
Other World Destinations	50,969
Total exports	272,683

Source: Centre of Exports and Investments (CEI)

The FY 2012 U.S.WTO raw sugar allocation for Nicaragua totaled 22,540 Metric Tons Raw Value (MTRV). In addition to this, Nicaragua has a 24,640 MT sugar quota under the CAFTA-DR free trade agreement. On February, 2012, the president of the Sugar Commission of Nicaragua informed post that Nicaraguan plans to ship its full FY 2012 U.S. WTO sugar allocation as well as the DR-CAFTA quota. If there is any sugar reallocation, Nicaragua could supply up to 30,000 MT.

Policy:

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs. Nicaragua lacks a legal framework that would support the consumption of bio-fuels, inhibiting the commercialization of ethanol domestically.

Marketing:

The private sector of Nicaragua buys and sells all sugar. Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8, and 2 kg.

The NCSP reported the following wholesale and retail prices for refined and white plantation sugar in 2011.

Whole Sale Prices for refined and white sugar in 2011

Sugar prices per Pound (US dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.23	0.24	0.25	0.26	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Refined Sugar	0.26	0.27	0.28	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.30

Source: Central Sugar Company of Nicaragua.

Retail Prices for Refined and White Sugar in 2011

Sugar prices per Pound (U\$ dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.29	0.30	0.30	0.30	0.30	0.32	0.32	0.34	0.34	0.34	0.34	0.34
Refined Sugar	0.32	0.33	0.33	0.33	0.33	0.36	0.36	0.38	0.38	0.38	0.38	0.38

Source: Central Sugar Company of Nicaragua.

For 2012, the central sugar company of Nicaragua expects a 6 percent increase (0.02 U\$ per pound) in white and refined sugar due to the increase in oil prices.

Production, Supply and Demand Data Statistics:

Table 1: Sugarcane for centrifugal sugar: Supply and Utilization

Sugar Cane for Centrifugal Nicaragua	2010/2011			2011/2012			2012/2013		
	Market Year Begin: Sep 2010			Market Year Begin: Sep 2011			Market Year Begin: Sep 2012		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post	
Area Planted	67	55	54		58	59		62	(1000 HA)
Area Harvested	67	55	54		58	59		62	(1000 HA)
Production	6,000	4,624	5,128		5,173	6,068		6,180	(1000 MT)
Total Supply	6,000	4,624	5,128		5,173	6,068		6,180	(1000 MT)
Utilization for Sugar	4,000	4,624	5,128		5,173	4,758		4,870	(1000 MT)
Utilization for Alcohol	2,000	0	0		0	1,310		1,310	(1000 MT)
Total Utilization	6,000	4,624	5,128		5,173	6,068		6,180	(1000 MT)

Source: Sugar Commission of Nicaragua.

Table 2: Centrifugal Sugar: Production, Supply and Demand (in thousands MT)

Sugar, Centrifugal Nicaragua		2010/2011		2011/2012			2012/2013	
		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011			Market Year Begin: Sep 2012	
	USDA official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post
Beginning Stocks	69	69	69	48	48	51		52
Beet Sugar Production	0	0	0	0	0	0		0
Cane Sugar Production	503	503	506	581	581	604		618
Total Sugar Production	503	503	506	581	581	604		618
Raw Imports	0	0	0	0	0	0		0
Refined Imp.(Raw Val)	0	0	0	0	0	0		0
Total Imports	0	0	0	0	0	0		0
Total Supply	572	572	575	629	629	655		670
Raw Exports	217	217	217	220	220	264		272
Refined Exp.(Raw Val)	63	63	63	70	70	67		68
Total Exports	280	280	280	290	290	331		340
Human Dom. Consumption	244	244	244	254	254	272		272
Other Disappearance	0	0	0	0	0	0		0
Total Use	244	244	244	254	254	272		272
Ending Stocks	48	48	51	85	85	52		58
Total Distribution	572	572	575	629	629	655		670

Source: Sugar Commission of Nicaragua.